



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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Fourth District

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Fifth District

October 7, 2011

To: Audit Committee

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "WTF", is written over the printed name of William T. Fujioka.

SUNSET REVIEW: BOARD POLICY 3.010 - WORKPLACE CHARITABLE GIVING STANDARD

In response to a September 9, 2011, memorandum from the Executive Officer of the Board, we have reviewed Board Policy 3.010 (Workplace Charitable Giving Standard) and we are recommending that the Policy be extended without revision for one year from its current sunset date of January 16, 2012 to January 16, 2013. This will allow us to conduct a legally-mandated review of the County's Charitable Giving Campaign (CGC) over the next year and return with recommendations for any necessary revisions at the conclusion of that effort.

Background

The Workplace Charitable Giving Standards/Workplace Giving Program Standards, adopted by the Board on June 2, 1998, and updated on January 19, 2007, establishes standards for Charitable Giving by County employees through payroll deduction. The policy also sets the threshold for participating Fund Distribution Agencies (FDAs) and Direct Designation agencies.

Payroll deduction for the sole purpose of donating to charitable organizations qualified under Section 501 © (3) of the U.S. Internal Revenue Code is authorized by Government Code Section 1157.2. The CGC operates under Section 1157.2, and under provisions of this section, the County is required to periodically conduct a public review of the program.

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Pursuant to this mandate, the County has undertaken the required review of its CGC, beginning the process to open the campaign to other agencies to determine if there are non-profit organizations that:

- 1) Meet the Workplace Charitable Giving Standards for inclusion into the campaign; and
- 2) May be interested in being an FDA for the County's annual, voluntary fundraising effort.

This CGC review process will include a public hearing conducted by the Labor-Management Advisory Committee on Productivity Enhancement (LMAC). Our schedule targets submission of a Board letter in late summer 2012 with recommendations for any changes to the program, including the potential inclusion of additional FDAs.

If you have any questions, please contact Martin Zimmerman at (213) 974-1326 or mzimmerman@ceo.lacounty.gov, or Victoria Pipkin-Lane at (213) 974-2495 or vpipkin@ceo.lacounty.gov.

WTF:EFS
MKZ:VPL:dmt

Attachment

c: Executive Office of the Board of Supervisors
 County Counsel
 Auditor-Controller



Los Angeles County BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
3.010	Workplace Charitable Giving Standard	06/02/98

PURPOSE

Establishes the Workplace Giving Program Standards for Charitable Giving by County employees through Payroll Deductions and the fundraising threshold for participating Fund Distribution and Direct Designation agencies.

REFERENCE

April 23, 1996 Board Order, Synopsis 61

June 2, 1998 Board Order, Synopsis 78

Government Code 1157.2

Section §501(c)(3) Internal Revenue Code

Senate Bill 1256 (Chapter 452, Statutes of 1991)

January 19, 2007, the Chief Administrative Officer's Memo "Update on Workplace Giving Policy and Standards"

POLICY

To support local nonprofit charitable organizations which provide a broad range of health and human care services to the residents of Los Angeles County which reflect the cultural and ethnic diversity and the under-served areas impacting the status of men, women and children.

This policy sets forth participating agency standards, reporting requirements for audit purposes, campaign requirements to comply with all laws covering qualified tax-exempt organizations, payroll deductions for both flat and percentage deductions, and periodic review by the Auditor-Controller, Chief Executive Officer, Labor Management Committee or other representative.

COUNTY OF LOS ANGELES
WORKPLACE GIVING PROGRAM STANDARDS

I. Authorization and Policies Approved by the Board of Supervisors

- A. Authorize use of County funds and property by County departments, within each department's approved budget allocation, in connection with the County's Workplace Giving Program and campaign.
- B. Authorize, as part of the Workplace Giving Program, direct solicitation of employees, on a voluntary basis, by County and/or representatives of Fund Distribution Agencies during working hours, before or after official working hours, during breaks or lunch hours and during other non-working hours, as determined by each department.
- C. Authorize the assignment of County officers and employees, on a voluntary basis, to attend or assist in the administration of program activities during working hours.
- D. Reaffirm the policy that all employee participation in the program and/or program activities shall be on a strictly voluntary basis. An employee's decision on whether to participate shall not be a basis, directly or indirectly, for any adverse employment action.
- E. Direct that employees be notified, in writing, of the opportunity to participate in charitable giving activities through the Workplace Giving Program and of the Board's policy that all participation in the program is strictly voluntary and has significant and broad union and community support.
- F. Authorize the Labor-Management Advisory Committee, Committee on Workplace Giving to recommend County campaign time frames and strategies and to develop general campaign program guidelines to assist County department heads and departmental coordinators.
- G. Authorize department heads to implement Workplace Giving Program campaigns as determined by each department.

II. County Campaign and Payroll Deductions

A. Authority

Government Code Section 1157.2 enables the Los Angeles County Board of Supervisors, under such regulations as it may prescribe, to allow employees to authorize deductions to be made from their salaries or wages for their payment of contributions of designated sums to charitable local organizations or to non-profit California corporations which are compelled by their laws to make and which do expend such sums solely by the making of contributions to charitable organizations qualified under Section 501 (c)(3) of the U. S. Internal Revenue Code of 1974; Senate Bill 1256 (Watson) (Chapter 452, Statutes of 1991) amending Government Code Section 26227 (which) allows a County Board of Supervisors to authorize work time activities related to Workplace Giving Programs and charitable giving activities; and the Los Angeles County Board of Supervisors approved County Workplace Giving Program Standards contained herein.

B. Program Mission

To support local nonprofit charitable organizations which provide a broad range of health and human care services to the residents of Los Angeles County which reflect the cultural and ethnic diversity of the region, and the underserved areas impacting the status of men, women, and children.

To administer a voluntary, cost-effective program that maximizes employee donor choices and maximizes dollar distribution to agencies providing direct services to local residents in Los Angeles County communities.

C. Committee on Workplace Giving

The Labor-Management Advisory Committee, authorized by the County Board of Supervisors, shall appoint a Committee on Workplace Giving which will advise the Board of Supervisors on County Workplace Giving Campaign policies and campaign action plans.

D. Definitions

1. County Campaign – Fund Distribution Agency

The term “Fund Distribution Agency” means a non-profit California corporation, 501 (c)(3) which distributes funds to member agencies who provide health and human care services to the residents of Los Angeles County, reflecting the cultural and ethnic diversity of the region and the underserved areas impacting the status of men, women, and children.

Fund Distribution Agencies shall distribute employee dollars raised to a minimum of 15 local non-profit agencies serving Los Angeles County. Parent agencies and not their affiliates will be counted in local agency totals. Branches, chapters or such subunits of a parent agency will be counted as a single unit within the membership structure of a Fund Distribution Agency.

Fund Distribution Agencies must be those whose principle service function is provided to the culturally diverse residents of Los Angeles County. This criterion intended to ensure that the widest and most diverse range of services possible is provided to the residents of Los Angeles County.

2. County Campaign – Direct Designation Agencies

The term “Direct Designation Agency” means a non-profit California corporation, 501 (c)(3) which raised \$25,000 locally and provides services to local and diverse communities in Los Angeles County: These agencies (donor direct designated agencies) would receive 90 percent of the employee direct designation dollar (processed through the County FDA payroll deduction process) with 10 percent representing a processing fee required by the Fund Distribution Agency.

E. Fund Distribution Agency Campaign Standards

1. Record of Fund-Raising

Fund Distribution Agencies must have raised \$100,000 locally and must raise at least \$50,000 (ongoing) through a combined effort of County employee cash contributions and County employee payroll deductions. Fund Distribution Agencies must also raise at least \$50,000 in a single County employee campaign, to be achieved by the second year of campaign participation, or be deemed ineligible to participate in future County campaigns.

2. Administrative Costs

The Fund Distribution Agency's administrative/marketing/campaign costs may not exceed 20 percent of the County's employee donor dollars. Therefore, Fund Distribution Agencies are required to distribute not less than 80 percent of the dollars received from the County Employee Charitable Giving Campaign to local non-profit agencies which meet the County Workplace Giving Program criteria and mission.

The County requires a maximum of 10 percent administrative costs related to County employee direct designations (Direct Designation Agencies), or a requirement that no less than 90 percent of the dollars received from the County Employee Campaign for direct designations (through Direct Designation Agencies) be distributed directly to the designated non-profit agency through the selected host Fund Distribution Agency.

These administrative costs requirements will provide for the maximum dollar distribution to agencies providing direct community service.

3. Fund Distribution Agency Report Requirements

The Fund Distribution Agency is required to provide the following to the Labor-Management Advisory Committee and the Chief Executive Office-Office of Workplace Programs:

- copies of its Annual Reports and audited financial statements from the previous five-year period;
- a document copy of the organization's 501 (c)(3) non-profit status;
- a copy of the prior year's IRS Form 990, completed and signed;
- a listing of the organization's Board of Directors and Officers;
- a detailed report on the allocation approvals for designated and undesignated dollars; and
- any changes to the above reporting and campaign requirements, in writing, within 30 days of the change.

4. Fund Distribution Agency Campaign Requirements (Other)

Fund Distribution Agency shall comply with the following County campaign policies and procedures:

- Transmit donor dollars, as designated by County employees, to organizations qualified as tax-exempt organizations under Section 501 (c)(3) of the U.S. Internal Revenue Code of 1974, on a monthly basis or an authorized allocation process;

- Provide campaign educational/informational material for the County's campaign, as requested by the Labor-Management Advisory Committee or its designee;
- Provide appropriate funding for related County Campaign expenses, as deemed necessary and appropriate by the Labor-Management Advisory Committee or designee; and
- Comply with all other provisions deemed necessary by the Los Angeles County Board of Supervisors, Chief Executive Officer, the County Auditor-Controller, Labor-Management Advisory Committee or designee.

F. Employee Payroll Deduction

1. Payroll Deduction Authorizations

Any County officer or employee may authorize payroll deductions from his/her wages for payment of charitable contributions to eligible non-profit agencies, as approved by the Board of Supervisors. Payroll deductions for such contributions shall include the following:

- Written authorization from employee upon the form prescribed by the County Auditor-Controller; and
- Written authorization from employee of the payroll deduction at such percentage of salary per pay period as printed on the prescribed form.

2. Effective Date

In addition, an authorization or cancellation shall be effective for that payroll period for which it is received by the Auditor-Controller. Adequate time for processing a new deduction or cancellation must be provided.

G. Employee Direct Designations

1. Employee Direct Designations

Employees may make direct designations to any eligible non-profit organization of their choice by submitting the prescribed "direct designation form" to their departmental coordinators or a host Fund Distribution Agency:

- Required Payroll Deduction Authority: Employees will submit payroll deduction cards (identifying the deduction amount/percentage) and direct designation forms (identifying the selected agency/agencies and direct designation amounts) to their departmental coordinators; and
- One-Time Cash/Check Donation: Employees will submit a check/cash to their Departmental Campaign Coordinator identifying the Fund Distribution Agency and designated agency and amount(s) selected.

2. Fund Distribution Agencies Requirements

Fund Distribution Agencies (FDA) will maintain an informational system on employee direct designations and prepare a County Direct Designation Report, annually. FDAs will retain only 10 percent of the employee donation for administrative handling fees and will forward 90 percent to the designated agency.

H. Fund Distribution Agency Periodic Review

Payroll deduction privileges shall be reviewed annually by the County Labor-Management Advisory Committee and the Chief Executive Office to determine continued compliance with program standards and requirements.

I. Fund Distribution Agency Terms For Campaign Ineligibility

Fund Distribution Agencies shall be deemed ineligible for continued campaign participation as a result of any of the following conditions:

- If administrative, marketing and campaign funding requirement exceeds the 20 percent requirement;
- If it is determined that they have less than 15 local member agencies; or
- If less than \$100,000 is raised locally (and ongoing) and less than \$50,000 is raised during the previous County Employee campaign, through a combined fundraising effort of cash contributions and County employee payroll donations.

J. Direct Designation Ineligibility

Direct Designation Agencies, selected by employees, shall be deemed ineligible for direct designation status through an approved Fund Distribution Agency as a result of any of the following conditions:

- Direct Designation Agency exceeds as 20 percent administrative, marketing and campaign funding level; or
- Direct Designation Agency raises less than \$25,000 during the previous local campaign.

RESPONSIBLE DEPARTMENT

Chief Executive Office

DATE ISSUED/SUNSET DATE

Issue Date: June 2, 1998
Review Date: January 16, 2003
Review Date: August 16, 2007

Sunset Date: July 2, 2002
Sunset date: January 16, 2007
Sunset Date: ~~January 16, 2012~~
January 16, 2013